

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR AUTHORITY FOR LDDS)
COMMUNICATIONS, INC. TO ACQUIRE CONTROL)
OF ADVANCED TELECOMMUNICATIONS) CASE NO. 92-276
CORPORATION)

O R D E R

On June 29, 1992, Advanced Telecommunications Corporation ("ATC") and LDDS Communications, Inc. ("LDDS"), hereinafter referred to as Joint Applicants, filed an application pursuant to KRS 278.020(4) and (5) and KRS 278.300 for approval of a proposed transaction whereby LDDS will acquire control of ATC.

ATC is a Delaware corporation authorized to provide telecommunications services as a reseller pursuant to this Commission's Order.¹ ATC's wholly-owned subsidiary, Americall Systems, Inc. ("Americall") is also authorized to provide

¹ Case No. 91-177, Application of ATC Long Distance for a Certificate of Public Convenience and Necessity as a Reseller of Telecommunications Services Within the State of Kentucky, Order dated August 26, 1991.

telecommunications services as a reseller pursuant to Commission Order.²

LDDS, a Tennessee Corporation, is the parent company of a number of non-dominant subsidiaries which are resellers. LDDS, the parent company, does not provide telecommunications services in Kentucky. However, two of its subsidiaries are authorized to provide service in Kentucky.³

² Case No. 9706, Joint Application of Multi-Com Systems, Inc. and Americall Systems of Louisville to Transfer the Certificate of Public Convenience and Necessity of Multi-Com Systems, Inc., to Americall Systems of Louisville Pursuant to KRS 278.020 and for Approval of the Assumption of Indebtedness Pursuant to KRS 278.300, Order dated December 11, 1986.

Case No. 91-457, Joint Application of Advanced Telecommunications Corporation, Americall Systems of Louisville, and Americall Dial O Services, Inc. for an Order Approving a Transfer of Ownership, Order dated January 31, 1992.

³ Case No. 10167, Joint Application of Communication Investments, LTD ("CIL") and Telemarketing Communications of Evansville, Inc. ("TMCE") to 1) Transfer the Assets of CIL to TMCE and 2) Issue a Certificate of Public Convenience and Necessity to TMCE to Provide Resale of Telecommunications Services and Operation of Facilities in Kentucky, Order dated March 1, 1988.

Case No. 10327, The Joint Application of Telcor, Inc. and Telemarketing Communications of Evansville, Inc. for Approval and (1) the Merger of Telephone Management Corporation and LDDS Communications, Inc. and (2) Loans to Refinance Existing Debt and Fund the Merger, Order dated August 31, 1988.

Joint Applicants request approval of this Commission for LDDS to acquire control of ATC through an Agreement and Plan of Merger ("Proposed Transaction"), as set forth in Exhibit D of the application, wherein all of ATC's stock will be acquired by LDDS and ATC's shareholders will exchange their shares of ATC stock for shares of LDDS stock. As a result of the proposed transaction, a new subsidiary of LDDS will merge into and with ATC.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. Therefore, the Commission finds that the above-referenced statutes are applicable to the proposed transaction. As stated in the application, LDDS will issue its stock in exchange for ATC stock, however, ATC will not issue securities nor assume any liability in reference to those securities issued by LDDS. Therefore, KRS 278.300 is not applicable to the proposed transaction and approval pursuant to this statute is unnecessary.

Joint Applicants submit that the proposed transaction will not constitute a transfer of actual or working control of LDDS given that no individual formerly owning ATC stock will acquire more than 14.4 percent of LDDS stock, and by terms of the merger agreement, LDDS will have the right to designate six members and ATC will designate the remaining five members of an eleven-member board of directors. Joint applicants further assure that although the

underlying ownership of ATC will change, the transaction will be transparent to ATC's customers who will continue to receive service under ATC's current tariff.

The Commission finds that ATC has and will continue to have, as an operating subsidiary of LDDS, the financial, technical and managerial abilities to provide reasonable service to the public and that the merger of ATC into and with LDDS is for a proper purpose and consistent with the public interest. The proposed transaction, as described in the joint application, is consistent with the requirements of KRS 278.020(4) and (5) and should be approved.

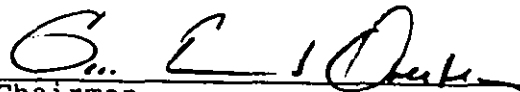
IT IS THEREFORE ORDERED that:

1. The proposed transaction consisting of a merger of ATC into and with LDDS is hereby approved.

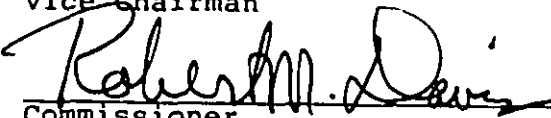
2. Within 30 days of the closing of the proposed transaction, joint applicants shall give notice to the Commission. If the closing does not occur, the joint applicants shall also notify the Commission.

Done at Frankfort, Kentucky, this 13th day of August, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director